

November 13, 2003

Dear Senator:

We are writing to express our strong opposition to the latest proposed agreement on the Medicare prescription drug bill.

There are several provisions about which we are particularly concerned. First, it is our understanding that revenues associated with the bill will be used, at least in part, to provide an enhanced subsidy to employers that retain their prescription drug benefits. However, that enhanced subsidy will only apply to private employers through a refundable tax credit, and will not be made refundable for public sector and non-profit employers who currently provide prescription drug coverage.

As you know, the Congressional Budget Office estimated that a third of retirees currently receiving drug coverage from their former employers would lose that coverage under the House and Senate passed bills. If the enhanced subsidy is not extended to public employers, we predict that many thousands of public sector retirees will lose their employer-sponsored prescription drug coverage.

Secondly, it appears that the negotiators have reneged on their earlier agreement on the issue of the "dual eligible" population. Under the latest agreement, states would be required to permanently pay for 75 percent of the costs of providing drug coverage for this population. For the first time, a new Medicare benefit would not be completely funded by Medicare. Furthermore, this has significant and serious implications for state and local governments already crippled by a deepening fiscal crisis.

And lastly, we are opposed to the proposed premium support demonstration project. We believe that it shifts costs and risks to seniors under the guise of competition and choice. The premium support system would fundamentally change Medicare from a defined benefit to defined contribution program – a voucher system. Medicare's guarantee of coverage and financing would be seriously undermined.

We strongly urge to oppose this misguided proposal. Give seniors what they want – a real, comprehensive Medicare prescription drug benefit.

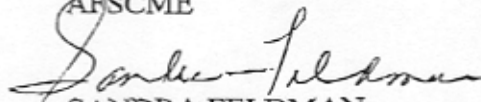
Sincerely,



GERALD W. MCENTEE

International President

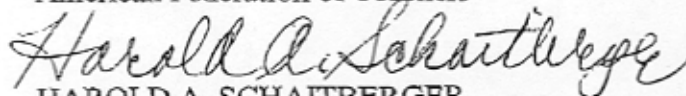
AFSCME



SANDRA FELDMAN

President

American Federation of Teachers

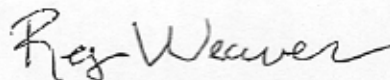


HAROLD A. SCHAITBERGER

President

International Association

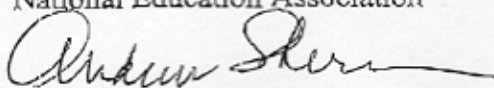
of Fire Fighters



REG WEAVER

President

National Education Association



ANDREW L. STERN

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